MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

FIRST ANNUAL REPORT

89-01024/

For further information
regarding the activities and programs of the
Manitoba Hazardous Waste Management Corporation
please contact:

The Manitoba Hazardous Waste
Management Corporation
226-530 Century Street
Winnipeg, Manitoba
R3H 0Y4
Telephone: (204) 945-1844

Highlights

The Corporation began operation in August following appointments of a Chairman, Board of Directors and Chief Executive Officer.

A strategic approach and plan, which formed the basis of the Corporation's current activities, was developed.

By year end, the Corporation was operating as an independent organization, actively pursuing the development of a waste management system and associated facilities, as well as providing technical services to waste generators and publicly funded waste management programs.

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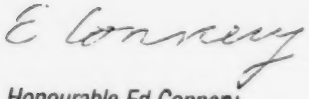
Letter of Transmittal

The Honourable
Dr. George Johnson
Lieutenant Governor
for the Province of Manitoba

May it please your Honour:

I have the honour to present the first Annual Report of the Manitoba Hazardous Waste Management Corporation for the year ended December 31, 1987.

Respectfully submitted.



Honourable Ed Connery
Minister responsible for the
Manitoba Hazardous Waste
Management Corporation

Environmental Policy Statement

The Manitoba Hazardous Waste Management Corporation is committed to the preservation and enhancement of environmental quality through the development of a hazardous waste management system for the Province. This undertaking is a fundamental element needed to achieve the broader objectives of universal environmental stewardship and sustainable economic development within Manitoba.

To reach these goals, the Corporation uses the following policy objectives as the basis for the performance of its work.

1. Minimize waste generation and maximize resource conservation through the promotion and facilitation of waste reduction, recycling, re-use and recovery at source.
2. Ensure that all activities involved with the handling, storage, treatment and disposal of waste and residue products are consistent with the protection of public health and environmental quality.
3. Earn public approval of the system and its components through open and responsive communication and through public participation in all aspects of their development and operation.
4. Encourage economic development through the provision of a cost-effective waste management system and the enhancement of environmentally based enterprises.
5. Foster and promote contemporary environmental values and policies through public education and research, as well as by example.
6. Assume, in perpetuity, the environmental stewardship of wastes and residues placed in the Corporation's custody.

Corporate Profile

The Manitoba Hazardous Waste Management Corporation is a commercial Crown corporation established to develop and operate a hazardous waste management system for Manitoba. Its mandate is to provide for the handling of regulated hazardous wastes from their source through to their treatment and disposal, consistent with high standards of public health, safety and environmental quality.

Chairman's Message

"...environmental and economic concerns must go hand in hand..."

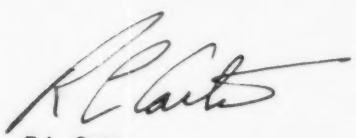
It is with pleasure that I forward the first Annual Report for the Manitoba Hazardous Waste Management Corporation. It is a short report covering only five months of operational work. Nonetheless, I would be remiss if I did not acknowledge the efforts of staff in the Department of Environment and Workplace Safety and Health in preparing the ground for the Corporation.

The ready response by the Board of Directors of the Corporation to the call to select staff carefully and consider the way in which the new agency should function, greatly assisted formalization in the early part of the year.

This initiative is well-timed from the point of view of serving the needs of the generators of hazardous waste - business, industry, developers, institutions and households. It addresses the concerns expressed by the several organizations in Manitoba who wish to see a formal and safe disposal system established. It is also timely because the Corporation is entering the waste management field when the opportunity to minimize environmental and financial costs has not been heavily prejudiced by large backlogs of residuals. Sound technologies exist, improving daily, and the Corporation is able to benefit from out-of-province experience.

During the year, the Canadian Council of Resource and Environment Ministers issued its Report on the National Task Force on Environment and Economy. Manitoba took a lead role in drawing together representatives from industry, government and non-government organizations to examine the way in which environment and economic concerns must go hand in hand. Central to the recommendations was the notion of sustainable development, a key element of which is a conservation strategy developed in a cooperative and integrative fashion in each province. The environmental policy statement of the Corporation strongly supports this approach. The Corporation should be the leader amongst the public agencies of Manitoba in furthering the conservation strategy.

The Directors believe they are privileged to be associated, from the outset, with the task of meeting a fundamental need in the province.



R.L. Carter
Chairman
Board of Directors

Chief Executive Officer's Report For 1987

The Corporation came into functional existence during 1987 and began its work in establishing a hazardous waste management system for the Province. By March, a Chairman and a seven person Board of Directors had been appointed. Over the following months, corporate offices were established, Board operating policies and procedures were developed and recruiting of the Corporation's senior staff was initiated.

In August, the Corporation became operational with the arrival of its first full time staff. The following five month period has been mainly directed toward strategic planning for the system's development. This work was completed by year end through a process of information gathering, evaluation of experience elsewhere and consultation with a wide range of Manitoba interest groups. After Board approval, the strategic plan formed the basis for the Corporation's first budget and business plan submission to the Public Investments Corporation. The following sections of this report summarize the plan and some of the Corporation's current activities.

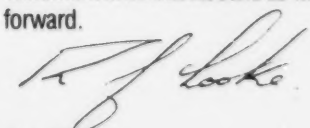
"...we look forward to the challenge of delivering the tools to manage these wastes..."

Other 1987 activities included establishing the Corporation's organizational and administrative structures. By the year end, the Corporation was operating as an independent entity with the basic administration capability necessary to undertake a capital development project and with the appropriate financial systems and controls to fulfill its obligations under The Crown Corporation Accountability Act. The corporate organization has been structured as a project management group with the flexibility to evolve into an operating company as the system is developed. From the onset, we have adopted the essential business principles of fiscal responsibility to our shareholder and rigorous application of economic tests to our development proposals. This is done in full recognition of the ultimate need for the Corporation to be a self sustaining enterprise.

While most of the Corporation's focus was on establishing itself and initiating the planning process, we also began to transfer a number of operating waste management activities from the Department of Environment and Workplace Safety and Health. In order to ensure continuity, the Corporation confined its role to the provision of funding for the Manitoba Waste Exchange, Household Hazardous Waste Days and the disposal of various wastes stored at the Gimli facility. During the course of 1988, these activities will be fully integrated with the Corporation's own initiatives leaving the Department to concentrate on its regulatory mandate in this area.

At year end, there were five full time staff employed by the Corporation. Four senior technical professionals joined the group in the first month of 1988. Four additional professional staff are to be recruited during 1988.

In conclusion, we have made a good start on the next phase of the Province's long term program for the effective management of hazardous waste. Much of the credit for this should be attributed to the careful and considered work done by the Department of Environment and Workplace Safety and Health and by the Clean Environment Commission during the program's first phase. For the future, we look forward to the challenge of delivering the tools to manage these wastes in an environmentally sound and cost-effective manner. In doing so, it is recognized that our work cannot be done in isolation. With this in mind, we will be continually seeking the advice and involvement of all Manitobans as we move forward.



R.J. Cooke
Chief Executive Officer

The Issue

"...wastes must be managed in a manner that removes the option of random and uncontrolled release..."

Many byproducts of our society are harmful to the environment and, in some instances, to human health when discarded in an uncontrolled manner. Such hazardous wastes include many common materials like solvents, paint residues and used petroleum products, as well as more publicized substances that are known or suspected to be toxic. Over the last two decades, dealing with hazardous waste has become a major environmental issue across the industrialized world for governments, businesses and the public alike. A general recognition has evolved that these wastes must be managed in a manner that removes the option of random and uncontrolled release onto land and into water bodies through the provision of an environmentally acceptable alternative. In Manitoba, the task of providing this alternative has been given to the Manitoba Hazardous Waste Management Corporation.

Manitoba began the formal process of dealing with the hazardous waste issue in 1982 with the initiation of a three phase program under the auspices of the Minister of Environment and Workplace Safety and Health. This long term program was envisioned to lead to the operation of an effective hazardous waste management system for the province. The first phase involved the development of an information base, extensive public consultation and the formulation of conceptual options that could be pursued. This work was carried out primarily by the Department of Environment and Workplace Safety and Health and was reviewed in two sets of public hearings conducted by the Clean Environment Commission.

The main results and conclusions of Phase I can be summarized as follows:

- There is a high level of public awareness with respect to the issue and a general consensus that a management system is required.
- An estimated 20,000 tonnes per year of such wastes, most of which are currently discarded into sewers and landfills, are generated in Manitoba.
- More information and detailed study are warranted to define the components of the required management system given the need for it to be environmentally sound, publicly acceptable and economically viable.
- The basic regulatory structure for the control of hazardous wastes was established under The Dangerous Goods Handling and Transportation Act.
- The system required a "proponent" separate from the regulatory authorities. There was a publicly expressed preference for this proponent to be a commercial Crown corporation.

Phase I of the overall program concluded in mid-1987 with the release of the final Clean Environment Commission report on its public hearings. Phase II began at that time with the Corporation commencing operation.

Corporate Mandate

"...a management system which will safely dispose of hazardous waste..."

The Manitoba Hazardous Waste Management Corporation was formed by an Act of the Legislature in November 1986. It reports through its Board of Directors to the Minister of Environment and Workplace Safety and Health. As a commercial Crown corporation, its equity is held by the Minister of Finance and is subject to the provisions of The Crown Corporation Accountability Act.

The Corporation is mandated to establish and operate a hazardous waste management system which will safely dispose of hazardous waste in accordance with regulations and standards prescribed by the Minister of Environment and Workplace Safety and Health. It will coordinate the elements of the system, such as transfer, storage, destruction and disposal, in an efficient, dependable fashion which has a positive effect upon the provincial economy. It will give priority in its operations to waste generated in Manitoba.

The specific objectives of the Corporation, as set out in Section 3 of the Manitoba Hazardous Waste Management Corporation Act, are as follows:

- to establish, operate and maintain in accordance with all applicable laws in the province, a hazardous waste management system in Manitoba;
- to research, develop, establish, own, operate and maintain facilities for the transmission, reception, collection, examination, storage, treatment, recycling and disposal of hazardous wastes;
- to ensure that the hazardous waste management system is established, operated and maintained in a manner that will protect the health and safety of the public and preserve the environment;
- to ensure the protection of health and safety of the public and the preservation of the environment following the closure of the hazardous waste management facilities established as part of the system.

For the purpose of fulfilling the Corporation's mission and objectives, Section 4 of the Act provides the following powers:

- acquire, own, develop, produce, process, recycle, heat, manage, utilize, conserve, store, transport or otherwise deal in, or with, hazardous wastes;
- sell or otherwise dispose of any product produced in conjunction with the generation, treatment, processing or recycling of hazardous wastes;
- participate with others in the activities mentioned above to carry on joint operations with the other participants;
- subject to the Act, acquire, hold, mortgage, alienate or otherwise dispose of land and any interest therein;
- carry on any other business incidental to the business carried on by the Corporation calculated directly, or indirectly to enhance the value of, or render profitable, any of the property or rights of the Corporation.

"...a program that has the support of all stakeholders, particularly the communities involved..."

The Corporation proposes to develop the system on an incremental basis and starting at the waste source. While it is recognized that full scale treatment and disposal facilities may ultimately be justified, commitment to them and the relatively large capital requirements they entail will be deferred until a more accurate assessment of the market is available, out-of-province disposal options are tested and a full assessment of appropriately scaled technologies has been done.

The physical development of the system will occur in three stages. The first stage, occurring over the next two years, will involve the study, design, business option assessment and market development work required to propose the first increment of the system's facilities. This increment will likely include collection, storage and volume reduction facilities as well as use of out-of-province treatment and disposal on a commercial basis. During the first stage, the Corporation will provide advisory and other services to waste generators and conduct conceptual level work on the configuration of the overall system. During Stage 2, the Corporation will build and operate the initial facilities planned in Stage 1 and conduct the study, design, and assessment work necessary for the full system facilities. Stage 3 entails construction of the full system. At the conclusion of Stage 1 and of Stage 2, the Corporation will present its proposals for the next stage for financial, public and regulatory review with the decision to proceed requiring formal approvals in these areas.

In theory, these three stages can be completed in five to six years. However, experience in other jurisdictions indicates a historical difficulty in predicting the time required to complete the site selection, regulatory and funding processes. For this reason, the Corporation intends to take the steps necessary to conduct a program that has the support of all stakeholders, particularly the communities involved, and plans to proceed only at the rate that allows for this acceptance. This will include extensive communication on a province-wide basis and more intensive consultation on a community and individual basis as the site selection process progresses. The increased confidence of eventual project success will more than compensate for some unpredictability in time frames.

Current Activities

The Corporation is now implementing the program designed in 1987. The following is a brief overview of some key activities currently being undertaken:

- WASTE IDENTIFICATION AND REDUCTION
  An accurate knowledge of waste types, amounts and geographical distribution is essential to system design and to identifying wastes that can be better handled at source. The Corporation is seeking industry groups where collective action may be appropriate and is providing industrial waste generators with advice and assistance on current waste management problems to encourage dealing with wastes at source. The Corporation provides technical services and information on reduction technologies, equipment and analytical requirements. In addition, the Manitoba Waste Exchange, supported and promoted by the Corporation, serves waste generators by facilitating exchanges and eliminating the need for disposal.
- FACILITIES DEVELOPMENT
  Work has begun on defining the technical requirements, capital costs and environmental effects of the facilities to be proposed at the end of Stage 1. Components of this program include identifying system configuration options and appropriate technologies. A major component is the facility siting process through which criteria are being developed to cover the social and technical factors which will be applied first on a province-wide and then on a regional basis with ongoing public involvement.
- BUSINESS PLANNING
  In parallel with the market and facilities assessments noted above, the Corporation is evaluating the business options available. This includes examining existing commercial operations, testing the feasibility of regional initiatives with neighbouring jurisdictions and seeking potential joint venture partners for various system components. This work will form the basis of the Corporation's business and economic feasibility plan.
- EXTERNAL AFFAIRS MANAGEMENT
  Given the public interest in the hazardous waste issue, the Corporation is managing its public involvement through information and consultation programs. These serve to enhance awareness of the issue and to maximize the public's role in the site selection and system development processes. Conducting the socio-economic impact assessment on an issue-oriented basis will aid in addressing specific issues such as compensation and economic benefits.
- OPERATIONAL WASTE MANAGEMENT PROGRAMS
  The Corporation is assuming responsibility for several programs previously administered by the Department of Environment and Workplace Safety and Health. These consist of operating the temporary collection and storage facility at Gimli, and participating in household hazardous waste and PCB management programs.

Financial Statements

For the year ended December 31, 1987

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REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Manitoba Hazardous Waste Management Corporation as at December 31, 1987 and the statements of operations and deficit, and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Hazardous Waste Management Corporation as at December 31, 1987 and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

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J.W. Singleton, CA,
Assistant Provincial Auditor

April 22, 1988,
Winnipeg, Manitoba

Balance Sheet

as at December 31, 1987

	1987
ASSETS	
CURRENT	
Cash held in trust by the Province of Manitoba	$ 143,613
Prepaid expenses	3,533
TOTAL ASSETS	$ 147,146
LIABILITIES	
CURRENT	
Accounts payable and accrued liabilities	$ 117,104
EQUITY	
Share capital (note 3)	330,355
Authorized - 350,000 shares for a maximum consideration of $35,000,000	
Issued and paid - 3304 shares	
Deficit	(300,313)
TOTAL LIABILITIES AND EQUITY	$ 147,146

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The accompanying notes are an integral part of the financial statements.

R.L. Carter
Chairman

G.H. MacKay
Chairman
Audit Committee

Statement of Operations and Deficit

year ended December 31, 1987

	1987
GENERAL AND ADMINISTRATIVE EXPENSES	
Wages and benefits	$ 104,798
Directors' fees and expenses	35,643
Office rental	20,801
Equipment and furniture	45,543
Other office expenses	33,794
	$ 240,579
WASTE DISPOSAL AND RELATED EXPENSES (Note 8)	
Disposal costs	$ 29,500
Rental of temporary storage facility	1,000
Hazardous Waste Days promotion	9,234
Contracted services	20,000
	$ 59,734
TOTAL EXPENDITURES AND DEFICIT AT END OF YEAR	$ 300,313

The accompanying notes are an integral part of the financial statements.

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Statement of Changes in Cash Resources

year ended December 31, 1987

	1987
OPERATING ACTIVITIES	
Cash deficiency	$ (300,313)
Increases (decreases) in working capital	
Prepaid expenses	(3,533)
Accounts payable	117,104
	113,571
	(186,742)
FINANCING ACTIVITIES	
Issuance of share capital	330,355
Cash held in trust by the Province of Manitoba	$ 143,613

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The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements
December 31, 1987

NOTE 1 - STATUS OF THE CORPORATION
The Manitoba Hazardous Waste Management Corporation was established as a Crown Corporation under the Manitoba Hazardous Waste Management Corporation Act S.M. 1987, C.10. Under the provisions of the Act, the Corporation will establish and operate a hazardous waste management system which will safely dispose of hazardous waste in accordance with regulations and standards prescribed by the Province of Manitoba. The Corporation also promotes protection of health and safety and the preservation of the environment.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES
a) Basis of Accounting
An accrual basis of accounting is used with the exception of purchases of office equipment and office furniture. These items are charged directly to operations in the year in which the charge is incurred.

b) Pension Liability and Expense
The Manitoba Hazardous Waste Management Corporation has requested that the Civil Service Superannuation Act be amended to include the Corporation as an employer under section 6(3) entitled to make contributions to the Civil Service Superannuation Fund matching the employees' contributions. The Corporation accrues a liability and charges to expense an amount equal to pension contributions made by employees. An actuarial determination is not available as to the extent of any unfunded liability.

c) Services Provided by the Government of Manitoba
The cost of services provided by the Government of the Province of Manitoba as outlined in Note 6 are not reflected in these financial statements.

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NOTE 3 - SHARE CAPITAL
The Corporation was originally established without share capital with funding provided by interest bearing advances from the Government of the Province of Manitoba. Amendments to the Manitoba Hazardous Waste Management Corporation Act on July 17, 1987 provided for up to 350,000 shares to be issued for a maximum consideration of $35,000,000. On February 4, 1988, by Order-in-Council 111/88, the outstanding interest bearing advances were retroactively converted into shares held by the Minister of Finance of Manitoba. The Corporation issues share certificates to the Minister of Finance in exchange for equity financing. Equity financing available to the Corporation is held in trust in the Consolidated Fund to be advanced as funds are required to finance operations.

NOTE 4 - INCOME TAX
The Corporation is owned by the Government of the Province of Manitoba and is therefore exempt from income tax.

NOTE 5 - LEASES
The Corporation is committed to a five-year lease with A&L Realty Limited for office space at 530 Century Street. The remaining lease obligation is as follows:

1988	$69,455
1989	$69,455
1990	$69,455
1991	$69,455
1992	$23,152

NOTE 6 - SERVICES PROVIDED BY THE GOVERNMENT OF THE PROVINCE OF MANITOBA.
The Government of Manitoba provides certain administrative, legal and management services at no charge to the Corporation. The cost of these services is estimated to be approximately $25,000.

NOTE 7 - ECONOMIC DEPENDENCE
The Corporation is economically dependent on the Government of the Province of Manitoba.

NOTE 8 - WASTE DISPOSAL AND RELATED EXPENSES
Waste disposal and related expenses were incurred by the Corporation on assuming responsibility for funding public services previously provided by the Department of Environment Workplace Safety and Health.

BOARD OF DIRECTORS

CHAIRMAN:
Mr. R.L. Carter

DIRECTORS FOR 2 YEARS,
EFFECTIVE MARCH 18, 1987:
Mr. A. Cerilli
Dr. A. Chow
Ms. L. Leader
Mr. R. Tonn

DIRECTORS FOR 1 YEAR,
EFFECTIVE MARCH 18, 1987:
Mr. G.H. MacKay
Chief R. Wavey (resigned)
Dr. A. Yassi

HEAD OFFICE

226-530 Century Street
Winnipeg, Manitoba
Canada R3H 0Y4

MANAGEMENT

CHIEF EXECUTIVE OFFICER:
Mr. R.J. Cooke

SECRETARY-TREASURER:
Ms. C. Kaus

MANAGER, SYSTEM DEVELOPMENT:
Mr. E. Yee

AUDITOR

Provincial Auditor

Manitoba
Hazardous Waste
Management Corporation

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